

Message Text

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ACTION ARA-10

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R 091430Z JUL 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 6684

USDOC WASHDC

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 6007

E.O. 11652: N/A

TAGS: BEXP AFSP BR

SUBJECT: DRAFT DIPLOMATIC NOTE ON SAO PAULO TRADE CENTER

REF: (A) RIO DE JANEIRO 2532, (B) BRASILIA 5546

1. FOLLOWING IS DRAFT OF DIPLOMATIC NOTE ON SAO PAULO TRADE CENTER IN RESPONSE TO MINISTRY OF EXTERNAL RELATIONS' NOTE ON SAME SUBJECT.

BEGIN TEXT:

(A) THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS TO THE MINISTRY OF EXTERNAL RELATIONS AND HAS THE HONOR TO REFER TO THE MINISTRY'S NOTE DFT/DCS/72/801.1(B13)(B46) OF JUNE 22, 1976, IN RESPONSE TO THE EMBASSY'S NOTE NO. 30 OF JANUARY 20, 1976 REQUESTING THE AGREEMENT OF THE GOVERNMENT OF BRAZIL TO THE ESTABLISHMENT IN SAO PAULO OF A PERMANENT COMMERCIAL EXHIBITION FACILITY WHICH WOULD BE KNOWN AS THE UNITED STATES TRADE CENTER.

(B) THE EMBASSY WISHES TO EXPRESS ITS UNDERSTANDING OF THE CONDITIONS SET FORTH IN THE MINISTRY'S NOTE, AS SPECIFIED IN THE APPROPRIATE BRAZILIAN LEGISLATION GOVERNING THE ACTIVITIES
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OF SUCH EXHIBITION FACILITIES IN BRAZIL:

(I) - THE TRADE CENTER WILL FUNCTION AS A CUSTOMS WAREHOUSE FOR FAIRS AND EXHIBITIONS FOR THE PURPOSE OF EXHIBITING GOODS DURING ITS TRADE FAIRS. IT WILL SEEK TO PROMOTE TRADE BETWEEN BRAZIL AND THE UNITED STATES AND CONTRIBUTE TO THE IMPROVEMENT OF BRAZILIAN TECHNOLOGY.

(II) - THE TRADE CENTER PROGRAMMING FOR TRADE FAIRS WILL SEEK TO AVOID EXHIBITION OF GOODS WITH SIMILARS BEING MANUFACTURED IN BRAZIL. ONLY ONE UNIT OF A GIVEN MODEL WILL BE SHOWN BY ANY EXHIBITOR IN THE SAME TRADE EXHIBIT. WHEN NATIONALIZATION OF EXHIBITED GOODS IS REQUESTED, IT IS UNDERSTOOD THAT THE PROVISIONS OF THE LAW OF SIMILARS WILL APPLY WHEN APPROPRIATE.

(III) - THE UNITED STATES GOVERNMENT ASSUMES FINANCIAL RESPONSIBILITY AGAINST ANY BREACH OF OBLIGATIONS ARISING FROM THE ADMISSION OF GOODS INTO THE AREA OF THE TRADE CENTER FOR THE PURPOSE OF EXHIBITION.

(IV) - THE TRADE CENTER WILL FURTHER ASSUME FULL RESPONSIBILITY FOR ALL GOODS THAT IT ACCEPTS INTO ITS AREA. THIS WILL INCLUDE PHYSICAL SECURITY, AS WELL AS PREPARATION OF DOCUMENTATION AND STORAGE OF EXHIBITITEMS, IN ACCORDANCE WITH NORMS AND REGULATIONS OF THE GOVERNMENT OF BRAZIL.

(V) - THE TRADE CENTER WILL BE SUBJECT TO ALL PERTINENT BRAZILIAN LEGISLATION. IN THE EVENT OF A DISPUTE ARISING FROM THE ADMISSION OF GOODS INTO THE AREA OF THE TRADE CENTER FOR THE PURPOSE OF EXHIBITION, SETTLEMENT SHALL BE SOUGHT IN THE FIRST INSTANCE WITHIN THE JURISDICTION OF ADMINISTRATIVE AND/OR JUDICIAL AUTHORITIES LOCATED IN SAO PAULO. APPEAL BEYOND THIS JURISDICTION ON THESE MATTERS WILL REMAIN WITHIN UNCLASSIFIED

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THE BRAZILIAN NATIONAL ADMINISTRATIVE OR JUDICIARY SYSTEM AND SHOULD NOT BECOME THE SUBJECT OF REPRESENTATIONS AND EXCHANGES THROUGH DIPLOMATIC CHANNELS.

(VI) - THE TRADE CENTER WILL PRESENT TO THE MINISTRY OF INDUSTRY AND COMMERCE A YEARLY LIST OF PROGRAMMED FAIRS FOR THEIR APPROVAL, WELL IN ADVANCE OF THE

DATE OF THE FIRST FAIR ON THE LIST. SUBSTITUTIONS
MAY BE REQUESTED FOR ANY FAIRS WHICH ARE DISAPPROVED.

(C) WITHIN THE UNDERSTANDING OUTLINED ABOVE, THE
EMBASSY ACCEPTS THE CONDITIONS AS PRESENTED IN THE
MINISTRY'S NOTE OF JUNE 22. THE EMBASSY UNDERSTANDS
THAT THE MINISTRY'S NOTE, AND THIS NOTE, WILL SERVE
AS THE BASIS FOR ELABORATION OF THE DECLARATORY
ACT BY THE GOVERNMENT OF BRAZIL REGARDING THE
OPERATIONS OF THE TRADE CENTER. END TEXT.

2. REGARDING TEXT'S SUBPARAGRAPH (B)(I),
FOREIGN MINISTRY SPECIFICALLY REQUESTED ON JUNE 28
THAT REFERENCE BE MADE IN OUR NOTE TO "TWO-WAY
TRADE" AND "IMPROVEMENT OF BRAZILIAN TECHNOLOGY."

3. REGARDING TEXT'S SUBPARAGRAPH (B)(III) GOB
IS WILLING TO DISPENSE WITH REQUIREMENT OF
BRAZILIAN LEGISLATION OF A BANK GUARANTEE FOR
INTERNATIONAL FAIR OPERATORS AND WILL ACCEPT A
WRITTEN USG GUARANTEE IN ITS PLACE (REFTEL A).
REQUESTED STATE AND USDOC CAREFULLY REVIEW LANGUAGE
OF SUBPARAGRAPH IN VIEW OF COMMITMENT OF USG
FINANCIAL GUARANTEE. EMBASSY WOULD APPRECIATE
RECEIVING FOR EMBASSY'S INFORMATION VERBATIM
LANGUAGE USED IN SIMILAR SITUATIONS WITH OTHER
TRADE CENTERS. IN ADDITION, PLEASE PROVIDE AT
THIS TIME LANGUAGE OF PROPOSED WRITTEN GUARANTEE.

4. RECOMMENDED CHANGES AND OR CONCURRENCE IN TEXT
OF NOTE REQUESTED FROM ACTION ADDRESSES.
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